

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 XMB-02 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAEE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /092 W

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P R 181300Z MAY 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 5696

INFO AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 4339

DEPARTMENT PASS EXIMBANK

E.O. 11652: N/A

TAGS: ENRG, EMIN, BR

SUBJECT: PETROBRAS OFFICIAL COMMENTS ON FERTILIZER AND OIL
SHALE

CONGEN RIO PREPARED THIS TELEGRAM, EMBASSY CONCURS.

1. DURING MEETING WITH EXIM OFFICIALS MAY 10, PETROBRAS
FINANCIAL DIRECTOR CARLOS ISNARD SAID THAT HE PROBABLY
WILL JOIN MIN. MUEKI IN WASHINGTON. HE WOULD BE
ACCOMPANIED BY TWO DIRECTORS OF PETROBRAS FERTILIZANTES
S.A., LUIS DE MAGALHAES BOTELHO AND LEONEL FINOTTI
(SEE RIO 1773 OF MAY 7). THEY ARE DUE TO SIGN A \$50
MILLION LOAN WITH THE WORLD BANK NEXT WEEK. LOAN PROCEEDS
WILL BE MAINLY APPLIED TO THE NEW AMMONIA AND UREA PROJECT
IN ARAUCARIA NEAR CURITIBA. (INCIDENTLLY, ISNARD MEN-
TIONED THAT PETROBRAS'S NEW FERTILIZER SUBSIDIARY CANNOT
BE CALLED "FERTIBRAS," AS PRESS HAS BEEN DOING, BECAUSE
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THERE ALREADY IS ANOTHER COMPANY USING THAT NZHE IN

BRAZIL. CORRECT NAME IS "PETROBRAS FERTILIZANTES.")

2. ISNARD SAID HE WAS NOT SURE WHETHER GROUP WOULD APPROACH EXIM CONCERNING THE FINANCING OF FERTILIZER PROJECTS. HE INDICATED THAT EUROPEAN EQUIPMENT AND FINANCING WAS MORE COMPETITIVE ON SUCH EQUIPMENT.

3. ON OIL SHALE, ISNARD STRONGLY HINTED THAT PETROBRAS FAVORS GOING AHEAD WITH THE PROPOSED PARANA PROJECT BUT THAT MIN. UEKI IS AGAINST IT AT THIS TIME. HE CONFIRMED THAT A FINAL DECISION IS IN HANDS OR UPPER ECHELONS OF GOB. ISNARD SAID THAT PURPOSE OF ROMERO MOREIRA'S RECENT VISIT TO U.S. WAS TO EXCHANGE INFORMATION AND IDEAS, WHICH ISNARD SAID WAS ACHIEVED, HE SAID, HOWEVER, THAT MOREIRA, BEING A TECHNICAL MAN, WAS NOT REALLY THE BEST OFFICIAL TO DISCUSS THE FINANCIAL ASPECTS OF THE PROJECT. ISNARD SAID THAT PETROBRAS ESTIMATES THE PROJECT'S COSTS AT SLIGHTLY LESS THAN \$12 PER BARREL, USING TODAY'S PRICES, BUT CONCEDED THAT THE ULTIMATE COST WOULD NO DOUBT BE GREATER.

CRIMMINS

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, FERTILIZERS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL04339
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760192-0235
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760543/aaaabkss.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUL 2004 by CunninFX>; APPROVED <27 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROBRAS OFFICIAL COMMENTS ON FERTILIZER AND OIL SHALE
TAGS: ENRG, EMIN, BR, PETROBRAS FERTILIZANTES
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006